

108TH CONGRESS
1ST SESSION

H. R. 2772

To amend the Geothermal Steam Act of 1970 to promote the development
and use of geothermal resources in the United States.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 2003

Mr. GIBBONS introduced the following bill; which was referred to the
Committee on Resources

A BILL

To amend the Geothermal Steam Act of 1970 to promote
the development and use of geothermal resources in the
United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “John Rishel Geo-
5 thermal Steam Act Amendments of 2003”.

6 **SEC. 2. COMPETITIVE LEASE SALE REQUIREMENTS.**

7 (a) IN GENERAL.—Section 4 of the Geothermal
8 Steam Act of 1970 (30 U.S.C. 1003) is amended to read
9 as follows:

1 **“SEC. 4. LEASING PROCEDURES.**

2 “(a) IN GENERAL.—

3 “(1) NOMINATIONS.—The Secretary shall ac-
4 cept nominations at any time from qualified compa-
5 nies and individuals of areas to be leased under this
6 Act.

7 “(2) COMPETITIVE LEASE SALE REQUIRED.—
8 The Secretary shall hold a competitive lease sale at
9 least once every 2 years for lands in a State that are
10 located in areas with respect to which there are
11 nominations pending under paragraph (1).

12 “(3) NONCOMPETITIVE LEASING.—The Sec-
13 retary shall make available for a period of 2 years
14 for noncompetitive leasing any lands for which a
15 competitive lease sale is held, but for which the Sec-
16 retary does not receive any bids in a competitive
17 lease sale.

18 “(4) LEASES SOLD AS A BLOCK.—Notwith-
19 standing the lease acreage limitation, if a geothermal
20 resource that could be produced as one unit is rea-
21 sonably expected to underline more than one lease,
22 the leases for such resources shall be offered for bid-
23 ding as a block in the competitive lease sale.”.

24 (b) PENDING LEASE APPLICATIONS.—The Secretary
25 of the Interior—

1 (1) subject to paragraph (2), shall expeditiously
2 process lease applications pending on the date of en-
3 actment of this Act under the Geothermal Steam
4 Act of 1970 (30 U.S.C. 1001 et seq.); and

5 (2) shall, by the end of the one-year period be-
6 ginning on the date of the enactment of this Act,
7 initiate competitive lease sales under such Act for
8 areas with respect to which lease applications are
9 pending and the lease applicant has not entered into
10 an agreement with the Secretary to be reimbursed
11 under the terms of the amendment made by section
12 7(a) of this Act to fund any analyses, documents, or
13 studies necessary to complete the processing of the
14 lease application.

15 **SECTION 3. SPECIAL PROVISIONS REGARDING DIRECT USE**
16 **OF GEOTHERMAL ENERGY RESOURCES.**

17 (a) LEASING PROCEDURE.—Section 4 of the Geo-
18 thermal Steam Act of 1970 (30 U.S.C. 1003) is further
19 amended by adding at the end the following:

20 “(b) LEASING FOR DIRECT USE OF GEOTHERMAL
21 RESOURCES.—Lands leased under this Act exclusively for
22 qualified development and direct utilization of geothermal
23 resources shall be leased to any qualified applicant who
24 first applies for such lease under regulations formulated
25 by the Secretary, if—

1 “(1) the Secretary publishes a notice of the
2 lands proposed for leasing at least 60 days before
3 the date of the issuance of the lease; and

4 “(2) the Secretary does not receive in the 60-
5 day period beginning on the date of such publication
6 any nomination to include the lands concerned in the
7 next competitive lease sale.”.

8 (b) LIMITATION ON LEASE AREA.—Section 7 of the
9 Geothermal Steam Act of 1970 (30 U.S.C. 1006) is
10 amended—

11 (1) in the first sentence by striking “A geo-
12 thermal lease” and inserting “(a) IN GENERAL.—
13 Except as provided in subsection (b), a geothermal
14 lease”; and

15 (2) by adding at the end the following:

16 “(b) LEASING FOR DIRECT USE OF GEOTHERMAL
17 RESOURCES.—A geothermal lease for qualified develop-
18 ment and direct utilization of geothermal resources shall
19 embrace not more than the minimum amount of acreage
20 determined by the Secretary to be reasonably necessary
21 for such utilization.”.

22 (c) ANNUAL PAYMENT.—Section 5 of the Geothermal
23 Steam Act of 1970 (30 U.S.C. 1004) is amended—

24 (1) in paragraph (c) by redesignating subpara-
25 graphs (1) and (2) as subparagraphs (A) and (B);

1 (2) by redesignating paragraphs (a) through (d)
2 in order as paragraphs (1) through (4);

3 (3) by inserting “(a) IN GENERAL.—” after
4 “SEC. 5”; and

5 (4) by adding at the end the following:

6 “(b) EXEMPTION FOR DIRECT USE OF GEOTHERMAL
7 RESOURCES.—

8 “(1) IN GENERAL.—In lieu of any royalty or
9 rental under subsection (a), a lease for qualified de-
10 velopment and direct utilization of geothermal re-
11 sources shall provide for payment by the lessee of an
12 annual fee per well of not less than \$100, and not
13 more than \$1,000, in accordance with the schedule
14 issued under paragraph (2).

15 “(2) SCHEDULE.—The Secretary shall issue a
16 schedule of fees under this section under which a fee
17 is based on the scale of development and utilization
18 to which the fee applies.”.

19 (d) DEFINITIONS.—Section 2 of the Geothermal
20 Steam Act of 1970 (30 U.S.C. 1001) is amended—

21 (1) in paragraph (f) by redesignating subpara-
22 graphs (1) through (4) in order as subparagraphs
23 (A) through (D);

24 (2) by redesignating paragraphs (a) through (f)
25 in order as paragraphs (1) through (6); and

1 (3) by adding at the end the following:

2 “(7) DIRECT USE OF GEOTHERMAL RE-
3 SOURCES.—The term ‘direct use of geothermal re-
4 sources’ means utilization of the heat from a geo-
5 thermal resource for commercial, residential, agricul-
6 tural, or other energy needs, other than the commer-
7 cial production of electricity.

8 “(8) GEOTHERMAL RESOURCE.—The term ‘geo-
9 thermal resource’ means a subsurface reservoir of
10 hot water or steam.”.

11 (e) EXISTING LEASES.—

12 (1) APPLICATION TO CONVERT.—Any lessee
13 under a lease under the Geothermal Steam Act of
14 1970 that was issued before the date of the enact-
15 ment of this Act may apply to the Secretary of the
16 Interior, by not later than 18 months after the date
17 of the enactment of this Act, to convert such lease
18 to a lease for qualified development and direct utili-
19 zation of geothermal resources in accordance with
20 the amendments made by this section.

21 (2) CONVERSION.—The Secretary shall approve
22 such an application and convert such a lease to a
23 lease in accordance with the amendments by not
24 later than 180 days after receipt of such application,

1 unless the Secretary determines that the applicant is
2 not a qualified applicant with respect to the lease.

3 (3) APPLICATION OF NEW LEASE TERMS.—The
4 amendments made by subsection (c) shall apply with
5 respect to payments under a lease converted under
6 this subsection that are due and owing to the
7 United States on or after July 16, 2003.

8 **SEC. 4. ROYALTIES AND NEAR-TERM PRODUCTION INCEN-**
9 **TIVES.**

10 (a) ROYALTY.—Section 5 of the Geothermal Steam
11 Act of 1970 (30 U.S.C. 1004) is further amended—

12 (1) in subsection (a) by striking paragraph (1)
13 and inserting the following:

14 “(1) a royalty on electricity produced using geo-
15 thermal steam and associated geothermal resources,
16 other than direct use of geothermal resources, that
17 shall be—

18 “(A) 1.75 percent of the gross proceeds
19 from the sale of electricity produced from such
20 resources during the first 10 years of produc-
21 tion under the lease; and

22 “(B) 3.5 percent of the gross proceeds
23 from the sale of electricity produced from such
24 resources during each year after such 10-year
25 period.”; and

1 (2) by adding at the end the following:

2 “(c) TREATMENT OF STATE AND COUNTY SHARES
3 OF ROYALTIES.—

4 “(1) STATE SHARE.—Notwithstanding section
5 20 of this Act, section 35 of the Mineral Leasing
6 Act (30 U.S.C. 191), or section 6 of the Mineral
7 Leasing Act for Acquired Lands (30 U.S.C. 355), in
8 the case of monies received by the United States as
9 royalty under subsection (a)(1)(A) with respect to a
10 electricity produced in a County in a State under a
11 geothermal lease—

12 “(A) the percentage required to be paid by
13 the Secretary of the Treasury to the State shall
14 be 75 percent; and

15 “(B) the percentage required to be paid by
16 the Secretary of the Treasury to the County
17 shall be 25 percent.

18 “(2) CREDITS FOR IN-KIND PAYMENTS OF
19 ELECTRICITY.—The Secretary may provide to a les-
20 see a credit against royalties owed under this Act,
21 in an amount equal to the value of electricity pro-
22 vided under contract to a State or county govern-
23 ment that is entitled under the provisions of other
24 laws referred to in paragraph (1) to a portion of
25 such royalties, if—

1 “(A) the Secretary has approved an agree-
 2 ment between the lessee and the State or coun-
 3 ty government for such in-kind payments; and

4 “(B) the agreement establishes a specific
 5 methodology to determine the value of such
 6 credits.”.

7 (b) DISPOSAL OF MONEYS FROM SALES, BONUSES,
 8 ROYALTIES AND RENTALS.—Section 20 of the Geo-
 9 thermal Steam Act of 1970 (30 U.S.C. 1019) is amended
 10 to read as follows:

11 **“SEC. 20. DISPOSAL OF MONEYS FROM SALES, BONUSES,**
 12 **ROYALTIES AND RENTALS.**

13 “(a) RENTALS.—All moneys received by the United
 14 States from rentals under this Act shall be disposed of
 15 in the same manner as such moneys received pursuant to
 16 section 35 of the Mineral Leasing Act (30 U.S.C. 191)
 17 or section 6 of the Mineral Leasing Act for Acquired
 18 Lands (30 U.S.C. 355), as the case may be.

19 “(b) SALES, BONUSES, AND ROYALTIES.—

20 “(1) IN GENERAL.—All monies received by the
 21 United States from sales, bonuses, and royalties
 22 under this Act shall be paid into the Treasury of the
 23 United States. Of amounts deposited under this sub-
 24 section, subject to the provisions of section 35 of the

1 Mineral Leasing Act (30 U.S.C. 191(b)) and section
2 5(a)(2) of this Act—

3 “(A) 50 percent shall be paid to the State
4 within the boundaries of which the leased lands
5 or geothermal resources are or were located;
6 and

7 “(B) 25 percent shall be paid to the Coun-
8 ty within the boundaries of which the leased
9 lands or geothermal resources are or were lo-
10 cated;

11 except that this sentence shall not apply with respect
12 to lands in Alaska.

13 “(2) USE OF PAYMENTS.—Amounts paid to a
14 State or county under paragraph (1) shall be used
15 consistent with the terms of section 35 of the Min-
16 eral Leasing Act (30 U.S.C. 191).”.

17 (c) NEAR-TERM PRODUCTION INCENTIVE.—

18 (1) IN GENERAL.—Notwithstanding section
19 5(a) of the Geothermal Steam Act of 1970 the roy-
20 alty required to be paid on any lease issued under
21 such Act before the date of enactment of this Act—

22 (A) with respect to commercial production
23 of heat or energy from a facility that begins
24 such production in the 6-year period beginning
25 on the date of the enactment of this Act; or

1 (B) on qualified expansion geothermal en-
2 ergy;
3 shall be 50 percent of the amount of royalty other-
4 wise required to be paid under that section.

5 (2) STATE SHARE.—Notwithstanding section 20
6 of the Geothermal Steam Act of 1970 (30 U.S.C.
7 1019), section 35 of the Mineral Leasing Act (30
8 U.S.C. 191), or section 6 of the Mineral Leasing Act
9 for Acquired Lands (30 U.S.C. 355), in the case of
10 monies received by the United States from royalty
11 described in subparagraph (A) or (B) of paragraph
12 (1), the percentage required to be paid by the Sec-
13 retary of the Treasury to a State under those sec-
14 tions shall be 100 percent.

15 (3) 4-YEAR APPLICATION.—Paragraphs (1) and
16 (2) apply only to commercial production of heat or
17 energy from a facility in the first 4 years of such
18 production.

19 (4) NO EFFECT ON STATE PORTION.—This sub-
20 section shall not be construed to reduce the amount
21 of royalty required to be paid to a State.

22 (d) DEFINITIONS.—In this section:

23 (1) QUALIFIED EXPANSION GEOTHERMAL EN-
24 ERGY.—The term “qualified expansion geothermal

energy” means geothermal energy produced from a generation facility for which—

(A) the production is increased by more than 10 percent as a result of expansion of the facility carried out in the 6-year period beginning on the date of the enactment of this Act; and

(B) such production increase is greater than 10 percent of the average production by the facility during the 5-year period preceding the expansion of the facility.

(2) QUALIFIED GEOTHERMAL ENERGY LEASE.—The term “qualified geothermal energy lease” means a lease under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.)—

(A) that was executed before the end of the 6-year period beginning on the date of the enactment of this Act; and

(B) under which no commercial production of any form of heat or energy occurred before the date of the enactment of this Act.

(e) ROYALTY UNDER EXISTING LEASES.—

(1) IN GENERAL.—Any lessee under a lease issued under the Geothermal Steam Act of 1970 before the date of the enactment of this Act may mod-

1 ify the terms of the lease relating to payment of roy-
 2 alties to comply with the amendment made by sub-
 3 section (a), by applying to the Secretary of the Inte-
 4 rior by not later than 18 months after the date of
 5 the enactment of this Act.

6 (2) APPLICATION OF MODIFICATION.—Such
 7 modification shall apply to any use of geothermal
 8 steam and associated geothermal resources to which
 9 the amendment applies that occurs after the date of
 10 that application.

11 (3) CONSULTATION.—The Secretary—

12 (A) shall consult with the State and local
 13 governments affected by any proposed changes
 14 in lease royalty terms under this subsection;

15 (B) may agree to a gross proceeds percent-
 16 age other than the amount specified in the
 17 amendment made by subsection (a) only with
 18 the concurrence of the lessee and the State,

19 **SEC. 5. CONSULTATION REGARDING GEOTHERMAL LEAS-**
 20 **ING AND PERMITTING ON PUBLIC LANDS.**

21 (a) IN GENERAL.—Not later than 6 months after the
 22 date of the enactment of this Act, the Secretary of the
 23 Interior and the Secretary of Agriculture shall enter into
 24 and submit to the Congress a memorandum of under-
 25 standing in accordance with this section regarding leasing

1 and permitting, for geothermal development, of public
2 lands under their respective administrative jurisdictions.

3 (b) LEASE AND PERMIT APPLICATIONS.—The memo-
4 randum of understanding shall include provisions that—

5 (1) identify known geothermal areas on public
6 lands within the National Forest System and when
7 necessary review management plans to consider leas-
8 ing under the Geothermal Steam Act of 1970 (30
9 U.S.C. 1001 et seq.) as a land use;

10 (2) establish an administrative procedure for
11 processing geothermal lease applications, including
12 lines of authority, steps in application processing,
13 and timeframes for application processing;

14 (3) provide that the Secretary concerned
15 shall—

16 (A) within 14 days after receiving an ap-
17 plication for a lease, determine whether the ap-
18 plication contains sufficient information to
19 allow processing of the application; and

20 (B) if the application is found not to con-
21 tain sufficient information to allow processing
22 the application the Secretary shall, before the
23 end of such 14-day period, provide written noti-
24 fication to the lease applicant that the applica-
25 tion is being returned to the applicant without

1 processing and itemizing the deficiencies in the
2 application that prevent processing;

3 (4) provide that the Secretary concerned shall
4 within 30 days after receiving a lease application,
5 provide written notice to the lease applicant regard-
6 ing the status of the application, including an esti-
7 mation of the time that will be required to complete
8 action on the application; and

9 (5) establish an administrative procedure for
10 processing geothermal development permits, includ-
11 ing lines of authority, steps in permit processing,
12 and timeframes for permit processing.

13 (c) FIVE-YEAR LEASING PLAN.—The memorandum
14 of understanding shall develop a 5-year plan for leasing
15 under the Geothermal Steam Act of 1970 (30 U.S.C. 1001
16 et seq.) of public land in the National Forest System. The
17 plan for geothermal leasing shall be updated every 5 years.

18 (d) DATA RETRIEVAL SYSTEM.—The memorandum
19 of understanding shall establish a joint data retrieval sys-
20 tem that is capable of tracking lease and permit applica-
21 tions and requests and providing to the applicant or re-
22 quester information as to their status within the Depart-
23 ments of the Interior and Agriculture, including an esti-
24 mate of the time required for administrative action.

1 **SEC. 6. REVIEW AND REPORT TO CONGRESS.**

2 The Secretary of the Interior shall promptly review
3 and report to the Congress within 3 years after the date
4 of the enactment of this Act regarding the status of all
5 moratoria on and withdrawals from leasing under the Geo-
6 thermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) of
7 known geothermal resources areas (as that term is defined
8 in section 2 of that Act (30 U.S.C. 1001), specifying for
9 each such area whether the basis for such moratoria or
10 withdrawal still applies.

11 **SEC. 7. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES,**
12 **DOCUMENTATION, AND STUDIES.**

13 (a) IN GENERAL.—The Geothermal Steam Act of
14 1970 (30 U.S.C. 1001 et seq.) is amended by adding at
15 the end the following:

16 **“SEC. 30. REIMBURSEMENT FOR COSTS OF CERTAIN ANAL-**
17 **YSES, DOCUMENTATION, AND STUDIES.**

18 “(a) IN GENERAL.—The Secretary of the Interior
19 may, through royalty credits, reimburse a person who is
20 a lessee, operator, operating rights owner, or applicant for
21 a lease under this Act for reasonable amounts paid by the
22 person for preparation by the Secretary (or a contractor
23 or other person selected by the Secretary) of any project-
24 level analysis, documentation, or related study required
25 under the National Environmental Policy Act of 1969 (42
26 U.S.C. 4321 et seq.) with respect to the lease.

1 “(b) CONDITIONS.—The Secretary may provide reim-
2 bursement under subsection (a) only if—

3 “(1) adequate funding to enable the Secretary
4 to timely prepare the analysis, documentation, or re-
5 lated study is not appropriated;

6 “(2) the person paid the amounts voluntarily;
7 and

8 “(3) the person maintains records of its costs
9 in accordance with regulations prescribed by the
10 Secretary.”.

11 (b) APPLICATION.—The amendments made by this
12 section shall apply with respect to any lease entered into
13 before, on, or after the date of the enactment of this Act.

14 (c) DEADLINE FOR REGULATIONS.—The Secretary
15 shall issue regulations implementing the amendments
16 made by this section by not later than 90 days after the
17 date of the enactment of this Act.

18 **SEC. 8. ASSESSMENT OF GEOTHERMAL ENERGY POTEN-**
19 **TIAL.**

20 The Secretary of Interior, acting through the Direc-
21 tor of the United States Geological Survey and in coopera-
22 tion with the States, shall update the 1978 Assessment
23 of Geothermal Resources, and submit that updated assess-
24 ment to the Committee on Resources of the House of Rep-

1 representatives and the Committee on Energy and Natural
2 Resources of the Senate—

3 (1) within 3 years after the date of enactment
4 of this Act; and

5 (2) thereafter as the availability of data and de-
6 velopments in technology warrant.

7 **SEC. 9. COOPERATIVE OR UNIT PLANS.**

8 (a) IN GENERAL.—Section 18 of the Geothermal
9 Steam Act of 1970 (30 U.S.C. 1017) is amended to read
10 as follows:

11 **“SEC. 18. COOPERATIVE OR UNIT PLANS.**

12 “(a) ADOPTION OF PLAN BY LESSEES.—

13 “(1) IN GENERAL.—For the purpose of more
14 properly conserving the natural resources of any
15 geothermal field, or like area, or any part thereof
16 (whether or not any part of the geothermal field, or
17 like area, is then subject to any cooperative or unit
18 plan of development or operation), lessees thereof
19 and their representatives may unite with each other,
20 or jointly or separately with others, in collectively
21 adopting and operating under a cooperative or unit
22 plan of development or operation of such field, or
23 like area, or any part thereof, if determined and cer-
24 tified by the Secretary to be necessary or advisable
25 in the public interest.

1 “(2) MODIFICATION OF LEASE REQUIREMENTS
2 BY SECRETARY.—The Secretary may, in the discre-
3 tion of the Secretary, and with the consent of the
4 holders of leases involved, establish, alter, change, or
5 revoke drilling, producing, rental, minimum royalty,
6 and royalty requirements of such leases and to make
7 such regulations with reference to such leases, with
8 the consent of the lessees, in connection with the in-
9 stitution and operation of any such cooperative or
10 unit plan as the Secretary may deem necessary or
11 proper to secure the proper protection of the public
12 interest.

13 “(b) REQUIREMENT OF PLANS UNDER NEW
14 LEASES.—The Secretary—

15 “(1) may provide that geothermal leases issued
16 under this Act after the date of the enactment of
17 this section shall contain a provision requiring the
18 lessee to operate under such a reasonable coopera-
19 tive or unit plan; and

20 “(2) may prescribe such a plan under which
21 such lessee shall operate, which shall adequately pro-
22 tect the rights of all parties in interest, including the
23 United States.

24 “(c) MODIFICATION OF RATE OF PROSPECTING, DE-
25 VELOPMENT, AND PRODUCTION.—The Secretary may re-

1 quire that any plan authorized by the this section that
2 applies to lands owned by the United States contain a pro-
3 vision under which authority is vested in the Secretary,
4 or any person, committee, or State or Federal officer or
5 agency as may be designated in the plan, to alter or mod-
6 ify from time to time the rate of prospecting and develop-
7 ment and the quantity and rate of production under such
8 plan.

9 “(d) EXCLUSION FROM DETERMINATION OF HOLD-
10 ING OR CONTROL.—Any lands that are subject to any plan
11 approved or prescribed by the Secretary under this section
12 shall not be considered in determining holdings or control
13 under any provision of this Act.

14 “(e) POOLING OF CERTAIN LANDS.—If separate
15 tracts of lands cannot be independently developed and op-
16 erated to use geothermal steam and associated geothermal
17 resources pursuant to this Act in conformity with an es-
18 tablished development program—

19 “(1) any such lands, or a portion thereof, may
20 be pooled with other lands, whether or not owned by
21 the United States, for purposes of such development
22 and operation under a communitization agreement
23 providing for an apportionment of production or roy-
24 alties among the separate tracts of land comprising

1 the production unit, if such pooling is determined by
2 the Secretary to be in the public interest; and

3 “(2) operation or production pursuant to such
4 an agreement shall be treated as operation or pro-
5 duction with respect to each tract of land that is
6 subject to the agreement.

7 “(f) PLAN REVIEW.—No more than 5 years after ap-
8 proval of any cooperative or unit plan of development or
9 operation, and at least every 5 years thereafter, the Sec-
10 retary shall review each such plan and, after notice and
11 opportunity for comment, eliminate from inclusion in such
12 plan any lands that the Secretary determines are not rea-
13 sonably necessary for cooperative or unit operations under
14 the plan. Such elimination shall be based on scientific evi-
15 dence, and shall occur only if it is determined by the Sec-
16 retary to be for the purpose of conserving and properly
17 managing the geothermal resource. Any land so eliminated
18 shall be eligible for an extension under subsection (c) or
19 (g) of section 6 if it meets the requirements for such an
20 extension.

21 “(g) APPROVAL BY SECRETARY.—The Secretary
22 may, on such conditions as the Secretary may prescribe,
23 approve operating, drilling, or development contracts made
24 by one or more lessees of geothermal leases, with one or
25 more persons, associations, or corporations if, in the dis-

1 cretion of the Secretary, the conservation of natural re-
2 sources or the public convenience or necessity may require
3 or the interests of the United States may be best served
4 thereby. All leases operated under such approved oper-
5 ating, drilling, or development contracts, and interests
6 thereunder, shall be excepted in determining holdings or
7 control under section 7 of this Act.

8 “(h) COORDINATION WITH STATE GOVERNMENTS.—
9 The Secretary—

10 “(1) shall coordinate unitization and pooling ac-
11 tivities with the appropriate State agencies; and

12 “(2) shall ensure that State leases included in
13 any unitization or pooling arrangement are treated
14 equally with Federal leases.”.

15 **SEC. 10. ROYALTY ON BYPRODUCTS.**

16 Section 5 of the Geothermal Steam Act of 1970 (30
17 U.S.C. 1004) is further amended in subsection (a) by
18 striking paragraph (2) and inserting the following:

19 “(2) a royalty on any byproduct that is a min-
20 eral named in the first section of the Mineral Leas-
21 ing Act (30 U.S.C. 181), and that is derived from
22 production under the lease, at the rate of the royalty
23 that applies under that Act to production of such
24 mineral under a lease under that Act;”.

1 **SEC. 11. REPEAL OF AUTHORITIES OF SECRETARY TO RE-**
2 **ADJUST TERMS, CONDITIONS, RENTALS, AND**
3 **ROYALTIES.**

4 Section 8 of the Geothermal Steam Act of 1970 (30
5 U.S.C. 1007) is amended by repealing subsections (a) and
6 (b), and by striking “(c)”.

7 **SEC. 12. CREDITING OF RENTAL TOWARD ROYALTY.**

8 Section 5 of the Geothermal Steam Act of 1970 (30
9 U.S.C. 1004) is further amended—

10 (1) in subsection (a)(2) by inserting “and”
11 after the semicolon at the end;

12 (2) in subsection (a)(3) by striking “; and” and
13 inserting a period;

14 (3) by striking paragraph (4) of subsection (a);
15 and

16 (4) by adding at the end the following:

17 “(d) CREDITING OF RENTAL TOWARD ROYALTY.—

18 Any annual rental under this section that is paid with re-
19 spect to a lease before the first day of the year for which
20 the annual rental is owed shall be credited to the amount
21 of royalty that is required to be paid under the lease for
22 that year.”.

23 **SEC. 13. LEASE DURATION AND WORK COMMITMENT RE-**
24 **QUIREMENTS.**

25 (a) IN GENERAL.—Section 6 of the Geothermal
26 Steam Act of 1970 (30 U.S.C. 1005) is amended—

1 (1) by striking so much as precedes subsection
2 (c), and striking subsections (e), (g), (h), (i), and
3 (j);

4 (2) by redesignating subsections (c), (d), and
5 (f) in order as subsections (g), (h), and (i); and

6 (3) by inserting before subsection (g), as so re-
7 designated, the following:

8 **“SEC. 6. LEASE TERM AND WORK COMMITMENT REQUIRE-**
9 **MENTS.**

10 “(a) PRIMARY TERM.—

11 “(1) IN GENERAL.—A geothermal lease shall be
12 for a primary term of ten years.

13 “(2) INITIAL EXTENSION.—The Secretary shall
14 extend the primary term of a geothermal lease for
15 5 years if, for each year after the fifth year of the
16 lease—

17 “(A) the Secretary determined under sub-
18 section (c) that the lessee satisfied the work
19 commitment requirements that applied to the
20 lease for that year; or

21 “(B) the lessee paid in accordance with
22 subsection (d) the value of any work that was
23 not completed in accordance with those require-
24 ments.

1 “(3) ADDITIONAL EXTENSION.—The Secretary
2 shall extend the primary term of a geothermal lease
3 (after an extension under paragraph (2)) for an ad-
4 ditional 5 years if, for each year after the fifteenth
5 year of the lease, the Secretary determined under
6 subsection (c) that the lessee satisfied the work com-
7 mitment requirements that applied to the lease for
8 that year.

9 “(b) REQUIREMENT TO SATISFY ANNUAL WORK
10 COMMITMENT REQUIREMENT.—

11 “(1) IN GENERAL.—The lessee for a geothermal
12 lease shall, for each year after the fifth year of the
13 lease, satisfy work commitment requirements pre-
14 scribed by the Secretary that apply to the lease for
15 that year.

16 “(2) PRESCRIPTION OF WORK COMMITMENT RE-
17 QUIREMENTS.—The Secretary shall issue regulations
18 prescribing minimum equivalent dollar value work
19 commitment requirements for geothermal leases,
20 that—

21 “(A) require that a lessee, in each year
22 after the fifth year of the primary term of a
23 geothermal lease, diligently work to achieve
24 commercial production or utilization of steam
25 under the lease;

1 “(B) require that in each year to which
2 work commitment requirements under the regu-
3 lations apply, the lessee shall significantly re-
4 duce the amount of work that remains to be
5 done to achieve such production or utilization;

6 “(C) describe specific work that must be
7 completed by a lessee by the end of each year
8 to which the work commitment requirements
9 apply;

10 “(D) carry forward and apply to work
11 commitment requirements for a year, work
12 completed in any year in the preceding 3-year
13 period that was in excess of the work required
14 to be performed in that preceding year; and

15 “(E) establish transition rules for leases
16 issued before the date of the enactment of this
17 subsection, including terms under which a lease
18 that is near the end of its term on the date of
19 enactment of this Act may be extended for up
20 to two years—

21 “(i) to allow achievement of produc-
22 tion under the lease;

23 “(ii) to allow the lease to be included
24 in a producing unit; and

1 “(F) establish an annual payment that, at
2 the option of the lessee, may be exercised in lieu
3 of meeting any work requirement for a limited
4 number of years that the Secretary determines
5 will not impair achieving diligent development
6 of the geothermal resource.

7 “(3) TERMINATION OF APPLICATION OF RE-
8 QUIREMENTS.—Work commitment requirements pre-
9 scribed under this subsection shall not apply to a
10 geothermal lease after the date on which geothermal
11 steam is produced or utilized under the lease in com-
12 mercial quantities.

13 “(c) DETERMINATION OF WHETHER REQUIREMENTS
14 SATISFIED.—The Secretary shall, by not later than 21
15 days after the end of each year for which work commit-
16 ment requirements under subsection (b) apply to a geo-
17 thermal lease—

18 “(1) determine whether the lessee has satisfied
19 the requirements that apply for that year;

20 “(2) notify the lessee of that determination; and

21 “(3) in the case of a notification that the lessee
22 did not satisfy work commitment requirements for
23 the year, include in the notification—

1 “(A) a description of the specific work that
 2 was not completed by the lessee in accordance
 3 with the requirements; and

4 “(B) the amount of the dollar value of
 5 such work that was not completed, reduced by
 6 the amount of expenditures made for work com-
 7 pleted in a prior year that is carried forward
 8 pursuant to subsection (b)(2)(D).

9 “(d) PAYMENT OF VALUE OF UNCOMPLETED
 10 WORK.—

11 “(1) IN GENERAL.—If the Secretary notifies a
 12 lessee that the lessee failed to satisfy work commit-
 13 ment requirements under subsection (b), the lessee
 14 shall pay to the Secretary, by not later than the end
 15 of the 60-day period beginning on the date of the
 16 notification, the dollar value of work that was not
 17 completed by the lessee, in the amount stated in the
 18 notification (as reduced under subsection (c)(3)(B)).

19 “(2) FAILURE TO PAY VALUE OF
 20 UNCOMPLETED WORK.—If a lessee fails to pay such
 21 amount to the Secretary before the end of that pe-
 22 riod, the lease shall terminate upon the expiration of
 23 the period.

24 “(e) CONTINUATION AFTER COMMERCIAL PRODUC-
 25 TION OR UTILIZATION.—If geothermal steam is produced

1 or utilized in commercial quantities within the primary
 2 term of the lease under subsection (a) (including any ex-
 3 tension of the lease under subsection (a)), such lease shall
 4 continue until the date on which geothermal steam is no
 5 longer produced or utilized in commercial quantities.

6 “(f) CONVERSION OF GEOTHERMAL LEASE TO MIN-
 7 ERAL LEASE.—The lessee under a lease that has produced
 8 geothermal steam for electrical generation, has been deter-
 9 mined by the Secretary to be incapable of any further com-
 10 mercial production or utilization of geothermal steam, and
 11 that is producing any valuable byproduct in payable quan-
 12 tities may, within 6 months after such determination—

13 “(1) convert the lease to a mineral lease under
 14 the Mineral Leasing Act (30 U.S.C. 181 et seq.) or
 15 under the Mineral Leasing Act for Acquired Lands
 16 (30 U.S.C. 351 et seq.), if the lands that are subject
 17 to the lease can be leased under that Act for the
 18 production of such byproduct; or

19 “(2) convert the lease to a mining claim under
 20 the general mining laws, if the byproduct is a
 21 locatable mineral.”.

22 (b) CONFORMING AMENDMENT.—

23 (1) Section 18 of the Geothermal Steam Act of
 24 1970 (30 U.S.C. 1017) is amended by striking “sub-
 25 section (c) or (g)” and inserting “subsection (g)”.

1 (2) Section 20 of the Geothermal Steam Act of
 2 1970 (30 U.S.C. 1019) is amended by striking “, in-
 3 cluding the payments referred to in section 6(i),”.

4 **SEC. 14. ADVANCED ROYALTIES REQUIRED FOR SUSPEN-**
 5 **SION OF PRODUCTION.**

6 Section 5 of the Geothermal Steam Act of 1970 (30
 7 U.S.C. 1004) is further amended by adding at the end
 8 the following:

9 “(e) ADVANCED ROYALTIES REQUIRED FOR SUSPEN-
 10 SION OF PRODUCTION.—

11 “(1) CONTINUATION OF LEASE FOLLOWING
 12 CESSATION OF PRODUCTION.—If, at any time after
 13 commercial production under a lease is achieved,
 14 production ceases for any cause the lease shall re-
 15 main in full force and effect—

16 “(A) during the one-year period beginning
 17 on the date production ceases; and

18 “(B) after such period if, and so long as,
 19 the lessee commences and continues diligently
 20 and in good faith until such production is re-
 21 sumed the steps, operations, or procedures nec-
 22 essary to cause a resumption of such produc-
 23 tion.

24 “(2) If production of heat or energy under a geo-
 25 thermal lease is suspended after the date of any such pro-

1 duction for which royalty is required under subsection (a)
2 and the terms of paragraph (1) are not met, the Secretary
3 shall require the lessee, until the end of such suspension,
4 to pay royalty in advance at the monthly pro-rata rate of
5 the average annual rate at which such royalty was paid
6 each year in the 5-year-period preceding the date of sus-
7 pension.

8 “(3) Paragraph (2) shall not apply if the suspension
9 is required or otherwise caused by the Secretary, the Sec-
10 retary of a military department, a State or local govern-
11 ment, or a force majeure.”.

12 **SEC. 15. ANNUAL RENTAL.**

13 (a) ANNUAL RENTAL RATE.—Section 5 of the Geo-
14 thermal Steam Act of 1970 (30 U.S.C. 1004) is further
15 amended in subsection (a) in paragraph (3) by striking
16 “\$1 per acre or fraction thereof for each year of the lease”
17 and all that follows through the end of the paragraph and
18 inserting “\$1 per acre or fraction thereof for each year
19 of the lease in the case of a lease awarded in a noncompeti-
20 tive lease sale; or \$2 per acre or fraction thereof for the
21 first year, \$3 per acre or fraction thereof for each of the
22 second through tenth years, and \$5 per acre or fraction
23 thereof for each year after the 10th year thereof, in the
24 case of a lease awarded in a competitive lease sale; and”.

1 (b) TERMINATION OF LEASE FOR FAILURE TO PAY
2 RENTAL.—Section 5 of the Geothermal Steam Act of
3 1970 (30 U.S.C. 1004) is further amended by adding at
4 the end the following:

5 “(f) TERMINATION OF LEASE FOR FAILURE TO PAY
6 RENTAL.—

7 “(1) IN GENERAL.—The Secretary shall termi-
8 nate any lease with respect to which rental is not
9 paid in accordance with this Act and the terms of
10 the lease under which the rental is required, upon
11 the expiration of the 45-day period beginning on the
12 date of the failure to pay such rental.

13 “(2) NOTIFICATION.—The Secretary shall
14 promptly notify a lessee that has not paid rental re-
15 quired under the lease that the lease will be termi-
16 nated at the end of the period referred to in para-
17 graph (1).

18 “(3) REINSTATEMENT.—A lease that would
19 otherwise terminate under paragraph (1) shall not
20 terminate under that paragraph if the lessee pays to
21 the Secretary, before the end of the period referred
22 to in paragraph (1), the amount of rental due plus
23 a late fee equal to 10 percent of such amount.”.

1 **SEC. 16. PUBLIC LANDS UNDER MILITARY JURISDICTION.**

2 (a) IN GENERAL.—Except as otherwise provided in
3 the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et
4 seq.) and other provisions of Federal law applicable to de-
5 velopment of geothermal resources within public lands, all
6 public lands under the jurisdiction of a Secretary of a mili-
7 tary department shall be open to the operation of such
8 laws and development and utilization of geothermal re-
9 sources without the necessity for further action by the Sec-
10 retary or the Congress.

11 (b) CONFORMING AMENDMENT.—Section 2689 of
12 title 10, United States Code, is amended by striking “in-
13 cluding public lands,” and inserting “other than public
14 lands,”.

15 (c) TREATMENT OF EXISTING LEASES AND CON-
16 TRACTS.—Upon the expiration of any lease or contract or
17 term thereof in effect on the date of the enactment of this
18 Act of public lands under the jurisdiction of a military
19 department for the development of any geothermal re-
20 source, such lease or contract may, at the option of the
21 lessee or contractor—

22 (1) be treated as a lease under the Geothermal
23 Steam Act of 1970 (30 U.S.C. 1001 et seq.), and be
24 renewed in accordance with such Act; or

1 (2) be renewed in accordance with the terms of
2 the lease or contract, if such renewal is authorized
3 by such terms.

4 (d) REGULATIONS.—The Secretary of the Interior,
5 with the advice and concurrence of the Secretary of the
6 military department concerned, shall prescribe such regu-
7 lations to carry out this section as may be necessary. Such
8 regulations shall contain guidelines to assist in deter-
9 mining how much, if any, of the surface of any lands
10 opened pursuant to this section may be used for purposes
11 incident to geothermal resources development and utiliza-
12 tion.

13 (e) CLOSURE FOR PURPOSES OF NATIONAL DE-
14 FENSE OR SECURITY.—In the event of a national emer-
15 gency or for purposes of national defense or security, the
16 Secretary of the Interior, at the request of the Secretary
17 of the military department concerned, shall close any lands
18 that have been opened to geothermal resources leasing
19 pursuant to this section.

20 (f) LEASE MANAGEMENT AND OPERATIONS.—The
21 Secretary of the military department concerned may im-
22 pose such terms and conditions on the operations of any
23 lessee under this section as necessary to maintain military
24 missions.

1 (g) GEOTHERMAL RESOURCE DEFINED.—In this sec-
2 tion, the term “geothermal resource” means a subsurface
3 reservoir of hot water or steam.

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